



COUNTY OF LOS ANGELES  
Internal Services Department  
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Dave Lambertson  
Director

*To enrich lives through effective and caring service.*

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February 1, 2005

To: Each Supervisor

From: Dave Lambertson  
Director

Subject: **RECONSIDERATION OF PROPOSED DEBARMENT PERIOD FOR MTS  
ADVANCED AND ITS PRINCIPAL OWNERS**

On the February 8, 2005 Agenda, your Board will consider a recommendation from the Contractor Hearing Board (CHB) to debar MTS Advanced and its principal owners from bidding on, being awarded, and/or performing work on any contracts for the County of Los Angeles for a period of 15 months. ISD does not believe the debarment period is appropriate based on the circumstances and requests that your Board impose the maximum 36-month debarment period as allowed by the County Code.

MTS Advanced is a contractor that sought to be reinstated under the Internal Services Department (ISD) Information Technology Services Master Agreement (ITSSMA). MTS Advanced was seeking reinstatement because the debarment period related to a prior offense committed by MTS had concluded. ISD brought the recent debarment action against MTS Advanced for submission of falsified workers compensation insurance documents when MTS applied for the new ITSSMA after a prior debarment period expired.

All prospective ITSSMA vendors must provide proof of workers compensation insurance as part of the application process. Initially, MTS submitted an application that did not contain the requisite proof of insurance. When ISD followed up on the deficiency, MTS submitted multiple copies of inconsistent and altered documents to falsely give the appearance that the firm had an active workers compensation insurance policy when in fact they did not. Although the CHB found that the evidence presented by ISD demonstrated that MTS and its principal owners committed acts or omissions that demonstrated a lack of business integrity or dishonesty sufficient to warrant a debarment recommendation, they believed that a penalty less than full debarment was appropriate.

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Had ISD not discovered this falsification, MTS would have had an unfair advantage over other ITSSMA vendors in the bidding process (i.e., because other vendors incur the cost of workers compensation insurance). MTS was previously debarred by your Board on March 4, 2003 for a period of four months based on MTS' impermissibly subcontracting "time and materials" work orders in direct violation of its ITSSMA while representing the subcontractors to be employees of MTS. ISD believes that the fact that MTS Advanced deliberately falsified documents as part of their re-application alone is a serious enough offense to justify the full debarment period of 3 years. Application of the maximum 36-month period is even more warranted in light of the fact this was a second attempt at deception by MTS in their dealings with the County and that their business behavior has not improved since the last debarment.

The County Code allows for the Board to impose a different penalty than that recommended by the CHB. In this case, I strongly believe that MTS Advanced and its principal owners should receive the maximum debarment of 36 months and would appreciate your consideration of this request.

Please contact me, or Daphne Bell of my staff at 323-267-2109, should you have any questions.

DL:MG:DB:KH:z

c: Violet Varona, Executive Officer, Board of Supervisors  
David Janssen, Chief Administrative Officer  
Martin Zimmerman, Contractor Hearing Board  
Ray Fortner, County Counsel  
John Gieger, County Counsel  
Nancy Takade, County Counsel  
Evelyn J. Gruen, via Fax  
MTS Advanced, via Fax